

Message Text

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73

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15

SAM-01 COME-00 EB-11 LAB-06 SIL-01 INT-08 GSA-02

NIC-01 COA-02 CG-00 DRC-01 /136 W

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E.O. 11652: N/A

TAGS: ELAB, IC

SUBJECT: POSSIBLE GENERAL STRIKE FEBRUARY 19

1. FOLLOWING MORE THAN THREE MONTHS OF STALEMATED CONTRACT TALKS, ICELANDIC FEDERATION OF LABOR (IFL) HAS SCHEDULED GENERAL STRIKE FOR FEBRUARY 19, UNLESS SETTLEMENT REACHED BEFOREHAND. MOVE WAS PRECIPITATED BY SEPARATE AGREEMENT CONCLUDED FEBRUARY 3 COVERING ALMOST 600 EMPLOYEES AT ISAL (ALUSUISSE) ALUMINUM SMELTER CALLING FOR 22.2 PERCENT WAGE INCREASE OVER 25 MONTH PERIOD.

2. IFL MOVE WAS UNANIMOUSLY AGREED BY 30 MEMBER NEGOTIATING COMMITTEE AND MUST NOW BE APPROVED BY MEMBER UNIONS. DECISION TO STRIKE IS PAINFUL ONE FOR COMMUNIST BOARD MEMBERS WHO HAVE BEEN DRAGGING THEIR FEET IN ORDER NOT TO EMBARRASS GOVERNMENT OF WHICH THEIR PEOPLE'S ALLIANCE IS COALITION MEMBER. REPORTEDLY, COMMUNISTS WANTED TO CONSIDER SERIOUSLY INITIAL EMPLOYERS' OFFER OF ABOUT 5 PERCENT BUT WERE FORCED TO DECLINE FOLLOWING PRESSURE FROM OPPOSITION PARTY UNION LEADERS.

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3. PROSPECTS FOR SETTLEMENT ARE COMPLICATED BY DECEMBER AGREEMENT COVERING GOVERNMENT EMPLOYEES WHICH PROVIDED FOR 20-25 PERCENT WAGE INCREASE FOR ABOUT 400 LOWEST PAID WORKERS. APPLYING SAME TYPE SETTLEMENT TO PRIVATE SECTOR WOULD GIVE 20-25 PERCENT INCREASE TO SOME 20,000 WORKERS AND RESULT IN SERIOUS ECONOMIC CONSEQUENCES, POSSIBLY INCLUDING A CURRENCY DEVALUATION.

4. NEXT MOVE IS UP TO EMPLOYERS WHO WILL MEET TODAY TO CONSIDER WHETHER TO MAKE NEW OFFER. MOST LIKELY THEY WILL CALL ON GOVERNMENT TO EXERCISE RESTRAINING INFLUENCE ON UNION DEMANDS WHICH AVERAGE ABOVE 40 PERCENT WAGE INCREASE.

5. A GENERAL STRIKE-WHICH NOBODY, INCLUDING OPPOSITION-CONTROLLED UNIONS SEEMS TO WANT-IS STILL BY NO MEANS ASSURED, BUT IT IS NOW VERY REAL POSSIBILITY. AS SUCH, IT IS CERTAIN TO REQUIRE CONSIDERABLE AMOUNT OF GOI ATTENTION DURING NEXT TWO OR MORE WEEKS.

6. IF STRIKE TAKES PLACE, IT WOULD NOT, AS OF NOW, AFFECT SEAMEN WHO ARE INVOLVED IN SEPARATE WAGE NEGOTIATIONS BUT WOULD AFFECT FREEZING PLANT EMPLOYEES. CURRENT IMPORTANT AND SUCCESSFUL CAPELIN CATCHING SEASON WOULD THEREFORE NOT BE AFFECTED BUT FOLLOWING COD FISHING SEASON MIGHT BE.

7. STRIKE WHICH SERIOUSLY AFFECTED EXPORT EARNINGS FROM FISH COULD CAUSE SERIOUS POLITICAL PROBLEMS IN SITUATION WHERE CHRONIC HIGH INFLATION IS MOST IMPORTANT INTERNAL POLITICAL ISSUE, WHERE CURRENCY DEVALUATION AT THAT TIME IN 1972 NEARLY SPLIT GOVERNMENT AND WHERE UNION MEMBERSHIP FINDS ITSELF DIRECTLY OPPOSED TO SOME OF ITS OWN LEADERS WHO SIT IN GOVERNMENT.
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